The Outward Bound Trust of New Zealand Group

Consolidated Financial Statements
For the year ended
30 June 2017

The Outward Bound Trust of New Zealand Group

Table of Contents

Consolidated Statement of Comprehensive Revenue and Expense	Page 1
Consolidated Statement of Financial Position	Page 2
Consolidated Statement of Changes in Equity	Page 3
Statement of Consolidated Cash Flows	Page 4
Notes to the consolidated financial statements	Pages 5-18
Independent Auditors Report	Pages 19-20

Consolidated Statement of Comprehensive Revenue and Expense
For the year ended 30 June 2017
In New Zealand Dollars

	Note	2017	2016
Revenue from Non-Exchange Transactions			
Subsidised Course fees		2,869,920	3,017,206
General donations and subscriptions		1,315,197	660,076
		4,185,117	3,677,282
Revenue from Exchange Transactions			
Course fees		2,500,478	1,722,829
Merchandise sales		72,679	97,012
Revenue from Interest, Dividends, and other Investment Revenue		1,655,246	1,027,794
Gain on disposal of fixed assets		-	4,783
Other income		112,014	89,403
		4,340,417	2,943,821
Total Revenue		8,525,534	6,621,103
Operating expenditure			
Staff and administration costs		5,417,768	5,425,586
Student costs and financial assistance		1,819,537	1,246,838
Merchandise costs		41,852	56,779
Premises rental		85,885	83,836
Depreciation	7	383,073	386,119
Amortisation		38,739	37,408
Total operating expenditure	4	7,786,854	7,236,566
Net operating surplus/(deficit)		738,680	(615,463)
Other comprehensive revenue and expense		-	-
Total comprehensive income for the year		738,680	(615,463)

Total comprehensive revenue and expense for the year is attributable to the members of the Group.

These financial statements were approved by the Board of Directors on 24 August 2017.

Andrew Smith
President
24 August 2017

Glenys Coughlan
Vice President
24 August 2017

Marked for identification purposes

Consolidated Statement of Financial Position
As at 30 June 2017
In New Zealand Dollars

	Note	2017	2016
Current Assets			
Cash and cash equivalents	5	678,616	471,720
Receivables from exchange transactions	6	738,570	612,409
Receivables from non-exchange transactions	6	247,391	415,646
Prepayments		52,854	55,226
Inventories		61,980	54,132
Total current assets		1,779,411	1,609,133
Non-current Assets			
Property plant and equipment	7	6,114,037	6,249,737
Intangible assets		25,720	53,959
Investments	8	16,495,508	15,798,412
Total non-current assets		22,635,265	22,102,108
Total Assets		**24,414,676**	**23,711,241**
Current Liabilities			
Trade creditors and other payables	9	431,082	542,359
Employee entitlements		162,220	126,068
Revenue in advance for exchange transactions	10	955,499	737,549
Revenue in advance for non-exchange transactions	10	668,077	791,087
Loans and borrowings	11	21,301	56,665
Total current liabilities		2,238,179	2,253,728
Non–current Liabilities			
Loans and borrowings	11	-	19,696
Total Liabilities		**2,238,179**	**2,273,424**
Equity			
Accumulated funds		1.419,392	1,669,087
Equity reserves	12	20,757,105	19,768,730
Total equity		**22,176,497**	**21,437,817**
Total equity and liabilities		**24,414,676**	**23,711,241**

The accompanying notes form part of these consolidated financial statements

Grant Thornton New Zealand Audit Partnership
Marked for identification purposes

Consolidated Statement of Changes in Equity
For the year ended 30 June 2017
In New Zealand Dollars

	Note	Accumulated funds	Equity reserves	Total equity
Balance 1 July 2015		2,469,662	19,583,618	22,053,280
Total comprehensive income for the year				
Deficit for the year		(615,463)	-	-
Other comprehensive income		-	-	-
Total comprehensive income for the year		(615,463)	-	(615,461)
Transfers between equity reserves	12	(185,112)	185,112	-
Balance 30 June 2016		**1,669,087**	**19,768,730**	**21,437,817**
Total comprehensive income for the year				
Surplus for the year		738,680	-	738,680
Other comprehensive income		-	-	-
Total comprehensive income for the year		738,680	-	738,680
Transfers between equity reserves	12	(988,375)	988,375	-
Balance 30 June 2017		**1,419,392**	**20,757,105**	**22,176,497**

The accompanying notes form part of these consolidated financial statements

Grant Thornton New Zealand Audit Partnership
Marked for identification purposes

Statement of Consolidated Cash Flows
For the year ended 30 June 2017
In New Zealand Dollars

	Note	2017	2016
Cash flows from Operating activities			
Receipts			
Receipts from Subsidised Course Fees		2,915,165	2,737,005
Receipts from Donations and Membership		1,315,197	580,950
Receipts from Course Fees		2,592,267	1,844,614
Receipts from Merchandise Sales		72,679	97,012
Receipts from Other Income		112,728	88,545
Income from Investments		157,316	152,882
		7,165,352	5,501,008
Payments to suppliers and employees		(7,368,300)	(6,488,044)
Interest paid		(1,499)	(2,802)
		(7,369,799)	(6,490,846)
Net cash flows from/ (used in) operating activities		(204,447)	(989,848)
Cash flows from investing activities			
Proceeds on sale of investments		13,949,276	1,308,804
Purchase of investments		(13,225,000)	(2,100,000)
Proceeds from sale of property, plant and equipment		-	4,783
Property, plant and equipment additions		(257,873)	(175,421)
Net cash flows from/ (used in) investing activities		466,403	(961,834)
Cash flows from financing activities			
Repayment of borrowings		(55,060)	(49,748)
Net cash flows from/ (used in) financing activities		(55,060)	(49,748)
Net increase/ (decrease) in cash and cash equivalents		206,896	(2,001,430)
Cash and cash equivalents at beginning of year		471,720	2,473,150
Cash and cash equivalents at end of year	5	678,616	471,720

The accompanying notes form part of these consolidated financial statements

Marked for identification purposes

1 Reporting Entity

These financial statements comprise the consolidated financial statements of the Outward Bound Trust of New Zealand (the "Group") for the year ended 30 June 2017.

The Trust was incorporated under the Charitable Trust Act 1957, is registered under the Charities Act 2005, and is domiciled in New Zealand.

The principal activity of the Group is to provide experiential education courses.
The financial statements were authorised for issue by the Board of Trustees on 24 August 2017.

2 Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP). They comply with Public Benefit Entity International Public Sector Accounting Standards ("PBE IPSAS") and other applicable financial reporting standards as appropriate that have been authorised for use by the External Reporting Board for Not-For-Profit entities. For the purposes of complying with NZ GAAP, the Group is a public benefit not-for-profit entity and is eligible to apply Tier 2 Not-For-Profit PBE IPSAS on the basis that it does not have public accountability and it is not defined as large.

The Board of Trustees has elected to report in accordance with Tier 2 Not-For-Profit PBE Accounting Standards and in doing so has taken advantage of all applicable Reduced Disclosure Regime ("RDR") disclosure concessions.

(b) Basis of consolidation

The Group financial statements consolidated those of the Parent, being the Outward Bound Trust of New Zealand (the "Trust") and its 100% owned subsidiary – The Outward Bound Trust of New Zealand Foundation (the "Foundation").

The Group financial statements consolidate the financial statements of the Trust and all entities over which the Trust has the power to control the financial reporting and operating policies. Control is obtained through ownership of more than half the voting rights or the subsidiary governing body members also being members of the Parent governing body.

The purchase method is used to prepare the consolidated financial statements, which involves adding together like terms of asset assets, liabilities, income and expenses on a line-by-line basis. All significant inter-group balances are eliminated on consolidation of group results, position and cash flows.

All subsidiaries have a 30 June 2017 reporting date and consistent accounting policies are applied.

(c) Basis of measurement

The financial statements have been prepared on a historical costs basis, except for financial assets and liabilities that have been measured at fair value. The accrual basis of accounting has been used unless otherwise and the financial statements have been prepared on a going concern basis.

Grant Thornton New Zealand Audit Limited
Marked for identification purposes

(d) Presentation currency

The financial statements are presented in New Zealand dollars ($), which is the Group's functional currency. The financial statements are rounded to the nearest dollar.

(e) Use of estimates and judgements

The preparation of financial statements in conformity with PBE IPSAS RDR requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Where material, information on significant assumptions is provided in the relevant accounting policy or will be provided in the relevant note.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Subsequent actual results may differ from these estimates.

The Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. No significant judgements or estimates have been made in the preparation of these financial statements.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(b) Trade debtors and other receivables

Trade debtors and other receivables are measured at amortised cost using the effective interest method less any impairment losses.

An allowance for impairment is established where there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivable.

Receivables with a short duration are not discounted.

(c) Inventories

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of the business, less the estimated costs of completion and selling expenses after making due allowance for any damaged and obsolete stock.

Cost is based on the first-in-first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Any write down in the cost of inventory to net realisable value is recognised in the Statement of Comprehensive Revenue and Expense.

Marked for identification purposes

(d) Property, plant and equipment

Property, plant and equipment are measured at cost, less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential will flow to the Group and the cost of the item can be measured reliably.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Disposals

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the Statement Comprehensive of Revenue and Expense.

Depreciation

Depreciation is charged on a straight- line basis on all property, plant and equipment, other than land, over the estimated useful life of the asset. Depreciation is charged to the surplus or deficit in the Statement of Comprehensive Revenue and Expense.

The following depreciation rates have been applied at each class of property, plant and equipment:

o Land	0%
o Boats	3-15 years
o Buildings	10–40 years
o Plant and equipment	4-40 years
o Office furniture and Computer equipment	1-5 years
o Training equipment	3-10 years
o Canoes	3 years
o Motor vehicles	5 years
o Rockface	10 years

The residual value of property, plant and equipment is reassessed annually.

(e) Intangible assets

Intangible assets acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised in the Statement of Comprehensive Revenue and Expense on a straight-line basis over the estimated useful life of the intangible asset, from the date that they are available fie use. The estimated useful lives for the current and comparative periods are as follows:

o Computer software, Obtains and Web Development	3 years
o Documentary	5 years

Acquired computer software licenses are capitalised on the basis of the cost incurred to acquire and bring to use the specific software.

Marked for identification purposes

(f) Impairment

The carrying amounts of Group assets are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in the Statement of Comprehensive Revenue and Expense.

The estimated recoverable amount of an asset is the greater of their fair value less costs to sell and value in use. Value in use is determined by estimating future cash flows from the use and ultimate disposal of the asset and discounting to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indicators exist, the Group estimates the asset's recoverable amount, to measure the reversal of any previous period impairment charges. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Reversals of impairment are recognised in the Statement of Comprehensive Revenue and Expense.

(g) Trade creditors and other payables

Trade creditors and other payables are measured at amortised cost using the effective rate interest method.

(h) Employee Entitlements

Short term benefits

Employee benefits that the Group expects to be settled within 12 months of balance date are measured at nominal value based on accrued entitlements at current rate of pays.

These include salaries and wages accrued up to balance date, annual leave earned, but not yet taken at balance date, and sick leave.

The Group recognises a liability for sick leave. The amount is calculated based on the unused sick leave entitlements that can be carried forward at balance date, to the extent that the Group anticipates that it will be used by staff to cover those future absences.

The Group recognises a liability and expense for bonuses where they are contractually obliged or where there is a past practice that has created a constructive obligation.

Marked for identification purposes

Long-term benefits
The Trust provides a one-off long service leave equivalent to five (5) working days, to employees serving more than 10 years of service, and has not entered into any defined benefit/contribution pension plans.

(i) Financial Instruments

Financial instruments are comprised of trade debtors and other receivables, cash and cash equivalents, investments, trade creditors and other payables and borrowings. The Group has held no derivative financial instruments (i.e. hedging instruments) in the years reported.

The Group has no off-balance sheet financial instruments.

Recognition and de-recognition of financial assets and liabilities
Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are measured initially at fair value plus transaction costs, except for those carried at fair value through surplus or deficit, which are measured at fair value.

Subsequent measurement of financial assets
The subsequent measurement of financial assets depends on their classification. The classification depends on the purpose for which financial assets were acquired. Management determines the classification of financial assets at initial recognition and re-evaluates this designation at each reporting date.

The Group currently holds financial assets in two classifications:

(i) Loans and receivables
Financial assets that are non-derivative with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

(ii) Financial assets at fair value through surplus or deficit
Financial assets at fair value through surplus or deficit include investments, which were designated upon initial recognition at fair value through surplus or deficit. Financial assets at fair value through surplus or deficit are carried in the Statement of Financial Position at fair value with changes in fair value recognised in the Statement of Comprehensive Revenue and Expense.

(iii) Impairment
All financial assets are subject to review for impairment at least once each reporting date. Accounts receivable are reviewed for impairment when accounts are past due or when other objective evidence is received that a specific counterparty will default. Impairment of trade receivables are presented in the Statement of Comprehensive Revenue and Expense, within expenses.

Grant Thornton New Zealand Audit Partnership
Marked for identification purposes

Subsequent measurement of financial liabilities
All financial liabilities held by the Group are designated as "loans and advances", being non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method

(j) Revenue
Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received.

The following specific recognition criteria must be met before revenue is recognised.

Revenue from non-exchange transactions

Donations and Grants
Donations and grants are recognised in the Statement of Comprehensive Revenue and Expense when received unless a use or return condition exists. Where donations and grants have such a condition, they are held as revenue in advance until such time as the condition is satisfied at which at which point the balance is recognised within the Statement of Comprehensive Revenue and Expense.

Donated assets are recorded at their value at the date of donation. Like many other charitable organisations, the Group often receives the benefit of people's time and service carried out free of charge. This type of donation cannot be readily quantified and hence is not recorded in the financial statements.

Bequests
Endowment fund bequests are recognised as revenue in the Statement of Comprehensive Revenue and Expense when received. Endowment bequests received are first recognised in the surplus/deficit for the year and then transferred in the Statement of Changes in Equity from accumulated funds to the endowment funds equity reserve. This treatment recognises that endowment fund bequests are preserved in investments carried forward and only income earned from investments is used to fund student scholarships.

Subsidised Course Fees
Subsidised course fees are recognised as income when the course commences. When the course has been provided to the student the donation for course fees are recognised. Any fees invoiced at year-end for courses, which students intend to attend at a future date is recognised as revenue in advance for non-exchange transactions.

Revenue from Exchange transactions

Course Fees from Exchange transactions
Course fees are recognised as income when the course commences. Any fees invoiced at year-end for courses, which students intend to attend at a future date is recognised as revenue in advance for exchange transactions.

Sale of goods
Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risk and rewards are considered passed to the buyer at the time of delivery of the goods to the customer.

Marked for identification purposes

Interest
Revenue is recognised as it accrues, using the effective interest method.

Dividend Income
Dividend income is recognised on the date that the Group's rights to receive payment are established, which in the case of quoted securities is the ex-dividend date.

(k) Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds and are expensed in the period they occur.

Interest expenses comprise interest expenses charged on borrowings and the unwinding of discounts used to measure the fair value of borrowed funds.

(l) Operating lease payments
An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Payments made under operating leases are recognised in the Statement of Comprehensive Revenue and Expense on a straight- line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(m) Income Tax
Due to its charitable status, the Group is exempt from liability to income tax.

(n) GST
All amounts are shown exclusive of Goods and Services Tax (GST), except for receivables and payables that are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Statement of Financial Position.

The Foundation is not registered for Goods & Services Tax.

Grant Thornton New Zealand Audit Limited
Marked for identification purposes

4 Other Expenses

Expenditure disclosed in the Statement of Comprehensive Revenue and Expense includes:

	2017	2016
General overheads		
Audit fees for financial statement audit	19,856	21,123
Accounting Fees to Grant Thornton for IPSAS transition	-	9,553
Employee remuneration		
Wages and salaries	3,252,756	3,159,090
Increase/ (decrease) in employee entitlements	36,152	33,113
Finance costs include:		
Interest on borrowings	1,499	2,802
Bank fees	23,005	16,878

5 Cash and cash equivalents

	2017	2016
Cash at bank and in hand	202,146	104,058
Call deposits	476,470	367,662
Total	**678,616**	**471,720**

The carrying amount of cash and cash equivalents and call deposits approximates their fair value.

6 Receivables

	2017	2016
Receivables from exchange transactions	738,570	612,409
Receivables from non-exchange transactions	247,391	415,646
Total	**985,961**	**1,208,055**

Trade debtors and other receivables are non-interest bearing and receipt is normally on 30-day terms. Therefore, the carrying value receivables approximates their fair value.

Each year overdue receivable balances are assessed for impairment and appropriate allowances applied. All trade receivables are subject to credit risk exposure. There is no concentration of credit risk with respect to receivables outside the entity, as the entity has a large number of customers.

There is no allowance for impairment as no receivables are overdue.

7 Property Plant and Equipment

Movement 2017	Cost 1 July 16	Additions	Disposals	Cost 30 June 17	Accumulated depreciation 1 July 16	Depreciation written back	Current year depreciation	Accumulated depreciation 30 June 17	Carrying amount 30 June 16	Carrying amount 30 June 17
Land	2,700,000		-	2,700,000	-	-	-	-	**2,700,000**	**2,700,000**
Buildings	5,384,505	178,830	-	5,563,335	2,703,331	-	137,977	2,841,308	**2,681,175**	**2,722,027**
Boats	1,448,330	27,272	-	1,475,602	921,536	-	84,529	1,006,065	**526,794**	**469,537**
Motor vehicles	699,273	8,695	-	707,967	591,676	-	37,024	628,700	**107,597**	**79,268**
Plant and equipment	487,921	3,009	-	490,930	435,538	-	20,975	456,513	**52,383**	**34,417**
Furniture and computer equipment	130,068	7,163	-	137,231	120,993	-	7,925	128,918	**9,074**	**8,313**
Training equipment	606,629	22,404	-	629,033	433,913	-	94,644	528,557	**172,715**	**100,745**
Total	**11,456,725**	**247,373**		**11,704,098**	**5,206,988**	-	**383,073**	**5,590,061**	**6,249,737**	**6,114,037**

Movement 2016	Cost 1 July 15	Additions	Disposals	Cost 30 June 16	Accumulated depreciation 1 July 15	Depreciation written back	Current year depreciation	Accumulated depreciation 30 June 16	Carrying amount 30 June 15	Carrying amount 30 June 16
Land	2,700,000	-	-	2,700,000	-	-	-	-	2,700,000	**2,700,000**
Buildings	5,329,674	54,832	-	5,384,505	2,570,807	-	132,524	2,703,331	2,758,867	**2,681,175**
Boats	1,418,019	30,311	-	1,448,330	827,024	-	94,512	921,536	590,995	**526,794**
Motor vehicles	714,280	5,437	20,444	699,273	575,278	20,444	36,842	591,676	139,002	**107,597**
Plant and equipment	485,906	2,016	-	487,921	414,276	-	21,262	435,538	71,630	**52,383**
Furniture and computer equipment	128,788	1,280	-	130,068	110,071	-	10,922	120,993	18,717	**9,074**
Training equipment	471,321	135,308	-	606,629	343,857	-	90,056	433,913	127,464	**172,715**
Total	**11,247,987**	**229,183**	**20,444**	**11,456,725**	**4,841,313**	**20,444**	**386,120**	**5,206,988**	**6,406,674**	**6,249,737**

8 Investments

All investments are initially recognised at cost, being the fair value of the consideration given. All investments disclosed in these financial statements have been classified as "fair value through surplus or deficit".

After initial recognition for investments classed as "fair value through surplus or deficit", any movement in the fair value or impairment is recognised in the Statement of Comprehensive Revenue and Expense.

The Groups FCNZ, ANZ, and AMP Capital investment portfolio and other equity investments are classified as "fair value through surplus or deficit", because investments held are part of a portfolio of investments, that are managed together to generate short-term profits. The policy of the Foundation is to hold investments for the long-term, but if conditions change the investments are readily available for sale.

	2017	2016
Rangatira shares	2,971,250	2,817,500
ANZ investment portfolio	-	2,221,434
FCNZ investment portfolio	1,506	10,743,508
AMP Capital	13,507,496	
Foodstuffs redeemable preference shares	15,256	15,970
Total	**16,495,508**	**15,798,412**

All investments are carried at fair value with movements recognised in the Statement of Comprehensive Revenue and Expense. Investments are considered to be long-term by nature and therefore are classified as non-current assets. Cash funds held within the investment portfolio at balance date were $1,350,093 (2016: $544,364)

9 Trade creditors and other payables

	2017	2016
Trade creditors	107,185	110,442
Accrued expenses	168,718	282,584
GST and PAYE payable	155,179	149,333
Total	**431,082**	**542,359**

Trade creditors and other payables are non-interest bearing and are normally settled on 30- day terms; therefore the carrying value of trade creditors and other payables approximates their fair value.

10 Revenue in advance

	2017	2016
Revenue in Advance for exchange transactions	955,499	737,549
Revenue in Advance for non-exchange transactions	657,747	733,319
Grant Revenue	10,330	57,768
Total	**1,623,576**	**1,528,636**

The Trust has received grants specifically provided for the sponsorship of student fees. Unexpended grants are recognised as income in advance and are expected to be expended within 6-12 months following balance date.

Marked for identification purposes

Unexpended grants	2017	2016
Pub Charity	3,200	38,819
New Zealand Community Trust	-	18,949
Mount Wellington Foundation	7,130	-
Total	**10,330**	**57,768**

11 Loans and Borrowings

	2017	2016
Rata Foundation loan	21,301	76,361
Total	**21,301**	**76,361**
Less balance payable within 12 months (current borrowings)	21,301	(56,665)
Non-current borrowings	**-**	**19,696**

(a) Rata Foundation loan

On 21 November 2007 the Trust received an advance of $400,000 from the Rata Foundation (formerly known as Canterbury Community Trust) for building improvements. A further advance of $75,000 was received on 29 May 2009. Interest is charged at 3% per annum and the loan is repayable over 8.5 years. Interest and principal payments per month are $4,717.

12 Equity reserves

All income and expenditure is recognised in the Statement of Comprehensive Revenue and Expense and the surplus for the year taken to accumulated funds. Transfers between accumulated funds and equity reserves are disclosed in the Statement of Changes in Equity.

2017 - transfers between equity reserves	Opening	Transfer from/ (to) retained earnings	Closing
Endowment funds	16,902,979	711,125	17,614,104
Sponsorship funds	1,026,602	72,026	1,098,628
Special funds	1,826,737	150,924	1,977,661
Capital Replacement Reserve	12,412	54,300	66,712
Total	**19,768,730**	**988,375**	**20,757,105**

2016 - transfers between equity reserves	Opening	Transfer from/ (to) retained earnings	Closing
Endowment funds	16,828,870	74,109	16,902,979
Sponsorship funds	979,708	46,894	1,026,602
Special funds	1,762,928	63,809	1,826,737
Capital Replacement Reserve	12,112	300	12,412
Total	**19,583,618**	**185,112**	**19,768,730**

Marked for identification purposes

(a) Endowment Funds
Endowment funds are bequests whereby the principal donation is preserved and only income earned being expended on student scholarships. Endowment fund bequests are recognised as income when received in the Statement of Comprehensive Revenue and Expense and transferred to the Endowment Funds equity reserve from Accumulated Funds.

(b) Sponsorship Funds
Surplus unexpended donations received targeted towards student scholarships.

(c) Special Funds
Surplus funds targeted for operation funding other than non-operational expenditure and student scholarships.

(d) Capital Replacement Reserve
Donations received for the Project Refresh Anakiwa Capital Campaign. This reserve has been renamed from the Tortuga Replacement Reserve as this project includes the Tortuga Launch replacement.

13 Related party transactions
Related parties arise when an entity or person(s) has the ability to significantly influence the financial and operating policies of the Group.

(a) Parent and ultimate controlling party
The Outward Bound Trust of New Zealand (the "Trust") is the ultimate controlling party and is not a subsidiary of any other entity, nor controlled by any other party.

(b) Related parties
The Trust is related to the following entities:
- The Outward Bound Trust of New Zealand Foundation (the "Foundation")

The Board of the Trust resolved to set up the Foundation as a separate organisation, to be run in parallel to the Outward Bound Trust, and dedicated to providing funds for long term sustainability of the Outward Bound Trust. The Foundation came into effect 1 July 2001.

Three of the seven trustees of the Foundation are also members of the governing body of the Trust.

(c) Related party transactions
Transactions with related parties are priced on an arm's length basis. No provision has been required, nor any expense recognised for impairment for any loans or other receivable balance to related parties (2016: $nil).

Key management personnel
The Group has a related party relationship with members of the Trust Board, executive officers, and other key management personnel.

Key management personnel compensation	2017	2016
Salaries and other short-term employee benefits	211,948	208,996

There were no fees paid to the members of the Trust Board in the years reported.

Marked for identification purposes

Total remuneration paid to key management personnel is made up of short –term employee benefits and no other post-employment benefits, termination benefits or long-term benefit arrangements have been expensed in the years reported.

(d) Other related party transactions

Dick Hubbard – Outward Bound Trust Director and Chairman of Hubbard Foods.
The Trust receives royalty payments from Hubbard Foods for use of Outward Bound's name. The royalty payments received in the year were $40,000 (2016: $60,000).
The Trust received $25,000 in donations in the 2017 financial year from Dick Hubbard to underwrite the OB Champions Fundraising Programme. (2016: nil)

Andrew Smith – Outward Bound Trust Director
The Trust received donations of $50,000 for the 2017 financial year to assist with operational costs (2016: $12,500) and $160,000 to assist with capital expenditure.

There were no other related party transactions in the 2016 and 2017 financial reporting years.

14 Financial instruments

Categories of financial assets and liabilities

The carrying amounts of financial instruments presented in the statement of financial position relate to the following categories of assets and liabilities:

	2017	2016
Financial Assets		
Financial assets at fair value through surplus or deficit		
Investments	16,495,508	15,798,412
Loans and receivables		
Cash and cash equivalents	678,616	471,720
Receivables from exchange transactions	738,570	612,409
Receivables from non-exchange transactions	247,391	415,647
Total	**18,160,085**	**17,298,188**

	2017	2016
Financial Liabilities		
At amortised cost		
Trade creditors and accrued expenses	275,903	393,026
Employee entitlements	162,220	78,110
Revenue in Advance for exchange transactions	955,499	737,549
Revenue in Advance for non-exchange transactions	668,077	791,087
Loans and borrowings	21,301	56,665
Total	**2,238,179**	**2,253,728**

15 Operating leases

Marked for identification purposes

Non-cancellable operating leases are payable as follows:	2017	2016
Less than one year	108,220	106,392
Between one and five years	107,535	211,793
More than five years	-	-
Closing balance	**215,755**	**318,185**

Operating leases are held in relation to computer equipment and premises at 3 Queens Wharf, Wellington.

16 Capital Commitments

There were deposits on capital items at year-end of $35,440. (2016: $Nil).

17 Contingent Liabilities

The Group has no contingent liabilities as at balance date (2016: $Nil).

18 Subsequent Events

There were no significant events after balance date requiring reporting or adjustment in these financial statements.

Marked for identification purposes

Grant Thornton

Independent Auditor's Report

Audit

Grant Thornton New Zealand Audit Partnership
L15 Grant Thornton House,
215 Lambton Quay
PO Box 10712
Wellington 6143

Telephone: +64 4 474 8500
Fax: +64 4 474 8509
www.grantthornton.co.nz

To the Trustees of The Outward Bound Trust of New Zealand Group

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Outward Bound Trust of New Zealand Group on pages 1 to 18 which comprise the consolidated statement of financial position as at 30 June 2017, and the consolidated statement of comprehensive revenue and expense, consolidated statement of changes in equity and statement of consolidated cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Group as at 30 June 2017 and its financial performance and cash flows for the year then ended in accordance with Public Benefit Entity International Public Sector Accounting Standards (Not For Profit) Reduced Disclosure Regime.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the Group.

Trustees' Responsibilities for the Financial Statements

The Trustees are responsible on behalf of the Group for the preparation and fair presentation of these financial statements in accordance with Public Benefit Entity International Public Sector Accounting Standards (Not For Profit) Reduced Disclosure

Grant Thornton

Regime, and for such internal control as those charged with governance determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, those charged with governance are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the External Reporting Board's website at: https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8/

Restriction on use of our report

This report is made solely to the Trustees, as a body. Our audit work has been undertaken so that we might state to the Trustees, as a body, those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group and the Trustees, as a body, for our audit work, for this report or for the opinion we have formed.

Grant Thornton New Zealand Audit Partnership

Grant Thornton

B Smith
Partner
Wellington

28 August 2017